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Message Text

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62
ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 FEA-01 OES-03 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 SP-02 SS-15 STR-04 TRSE-00 PA-01

PRS-01 /092 R

DRAFTED BY ARA/CEN:MJPLATT
APPROVED BY ARA/CEN:DLAZAR
---------- 112796
R 151451Z OCT 75
FM SECSTATE WASHDC
TO AMEMBASSY GUATEMALA

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E.O. 11652: N/A

TAGS: ENRG, GT

SUBJECT: PETROELUM COSTS TO RISE

1. MESSRS. R.C. MCCOY AND H.C. MINOR, VICE PRESIDENTS OF TEXACO INTERNATIONAL CALLED ON ARA/CEN OCTOBER 9 TO DISCUSS TEXACO'S OPERATION IN GUATEMALA. MCCOY AND MINOR WILL BE TRAVELLING TO GUATEMALA SOMETIME IN THE NEXT TWO OR THREE WEEKS TO INFORM GOG THAT RECENT OPEC PRICE INCREASES WILL BE PASSED ON TO GUATEMALAN MARKET THROUGH INCREASE IN CRUDE PRICE CHARGED TO TEXACO'S ESCUINTLA REFINERY. CRUDE ORIGINATES FROM TEXACO CONCESSION IN VENEZUELA. EXACT AMOUNT OF INCREASE NOT YET KNOWN AS MCCOY AND MINOR INDICATED VENEZUELA HAD NOT YET DECIDED ON HOW MUCH OF THE OPEC INCREASE TO ADOPT. WHATEVER IT TURNS OUT TO BE WILL BE PASSED ON.
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2. TEXACO OFFICIALS SAID ESCUINTLA REFINERY PRESENTLY OPERATING AT FULL 14,000 BARRELS A DAY CAPACITY. BOTH REFINERY AND COMMERCIAL DISTRIBUTION NETWORK OPERATING PROFITABLY. THEY DO NOT ANTICIPATE DIFFICULT NEGOTIATIONS WITH GOG OFFICIALS AS TO NECESSITY FOR PRICE INCREASE. ACCORDING TO MCCOY AND MINOR, POPULACE ALREADY BEING PREPARED FOR HIGHER FUEL COSTS THROUGH GOVERNMENT STATEMENTS AND MEDIA COVERAGE OF RECENT OPEC DECISION.

3. IN GENERAL DISCUSSION OF OIL BUSINESS IN GUATEMALA, TEXACO VP'S MENTIONED THAT PRODUCTION FROM SHENANDOAH'S CONCESSION AREA NOW UP TO 3,000 BARRELS A DAY BUT OIL HAD PROVEN TO BE EXTREMELY HIGH IN SULPHUR CONTENT AND WOULD NECESSITATE VERY EXPENSIVE TREATMENT.

4. IN VIEW OF RECENT DEVELOPMENTS IN US-GOG RELATIONS STEMMING FROM BELIZE DISPUTE, DEPARTMENT OFFICER SUGGESTED MCCOY AND MINOR CALL AT EMBASSY TO DISCUSS MANNER IN WHICH GOG MAY REACT TO THEIR NEWS. INGERSOLL

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